MASS.
G65.8:
M23/
M314/2/
SUMM.

UMASS/AMHERST
312066 0273 8307 3

GOVERNMENT DOCUMENTS
COLLECTION
MAY 24 1983
University of Massachusetts
Depository Copy

Massachusetts: The '80s and Beyond

Summary of Findings

THE GOVERNOR'S
MANAGEMENT
TASK FORCE '79

794/288

THE GOVERNOR'S MANAGEMENT TASK FORCE '79

State House
Boston, Massachusetts 02133

November 1979

The Honorable Edward J. King
Governor, Commonwealth of Massachusetts
State House
Boston, Massachusetts 02133

Dear Governor King:

It is my pleasure to present you with this summary report on behalf of the members of The Governor's Management Task Force '79. It includes 213 reccmmendations for improving government functions within Massachusetts. When implemented, these proposals will provide substantial benefits to the citizens of the commonwealth.

The approach of The Governor's Management Task Force '79 is unique. Rather than focus on specific short-term operational problems, we chose to investigate in depth a number of the fundamental management functions basic to the effective operations of complex organizations, of which the Commonwealth of Massachusetts is certainly one. In areas such as personnel administration, data processing, financial management and purchasing, the problems are deep and long-standing. They will not be solved in the short term and many will take years to correct. The immediate financial savings will not be large, but the potential for long-term improvement is enormous and exciting.

Implementation will not be easy. It will require months and years of dedicated effort in both the public and private sector. The Board of Directors and the members of The Governor's Management Task Force '79 pledge their support and assistance. We share with you a common goal for all the citizens of Massachusetts — the citizens who pay taxes, the citizens who receive services and the citizens who labor long and diligently in the employ of state government. That goal is an effective and economical management system in the Commonwealth of MASSACHUSETTS FOR THE '80s AND BEYOND.

Sincerely,

Bernard J. O'Keefe
Chairman

Board of Directors

Bernard J. O'Keefe, Chairman William L. Brown Joseph R. Carter Martin J. Coleman, II Alexander V. d'Arbeloff Edson D. deCastro Raymond M. Defossez James J. Derba Thomas G. Dignan, Jr. Eugene M. Freedman Robert W. Garver Robert F. Goldhammer James R. Martin Andrews S. Macalaster John G. McElwee Kenneth H. Olsen David S. Paresky Edward E. Phillips Thomas A. Sampson Joseph F. Turley Charles A. Zraket

A Non-Profit Organization

THE GOVERNOR'S MANAGEMENT TASK FORCE '79

Board of Directors

Bernard J. O'Keefe, Chairman
William L. Brown
Joseph R. Carter
Martin J. Coleman, II
Alexander V. d'Arbeloff
Edson D. deCastro
Raymond M. Defossez
James J. Derba
Thomas G. Dignan, Jr.
Eugene M. Freedman
Robert W. Garver
Robert F. Goldhammer
Andrews S. Macalaster
James R. Martin
John G. McElwee
Kenneth H. Olsen
David S. Paresky
Edward E. Phillips
Thomas A. Sampson
Joseph F. Turley
Charles A. Zraket

Study Team Leaders

Melvyn P. Galin
John N. Rees
Alvaro M. Sousa

Task Force Members

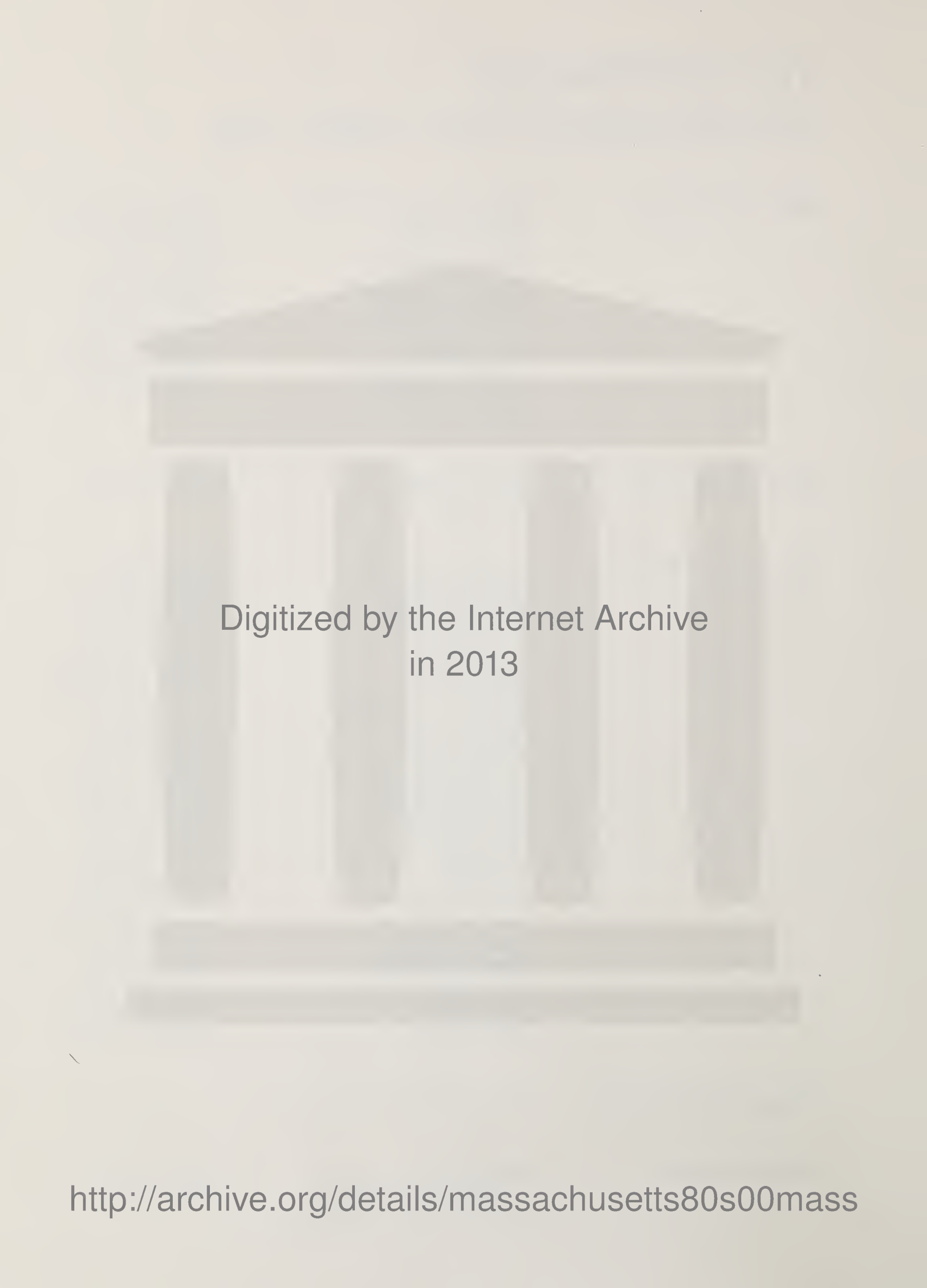
Margaret H. Bertolino
Peter Beckwith
Emery E. Boudreau
Paul K. Condon
Louis S. Corsini
Neil A. Cronin
Philip T. Crotty
William H. Cunningham
Eileen F. Czyrklis
John Dickson
Richard H. Donovan
Bernard Eisenberg
John S. Fleming
Ronald E. Friar
Jay Gubser
John Hayes
Joseph V. Hayes
Sharon M. Hockett
Allan T. Howe
Kenneth G. Howells
John J. Joynt, Jr.
Ron Kanne
Glenn T. Kelly
Howard Kelly
Stephen F. Kelly, Jr.
John J. Lane, Jr.
Arnold J. Lovering
Bayley F. Mason
Kenneth F. McArdle
James A. McLaughlin
Don McNamee
Carroll F. Miller
Carmine T. Pallotta
Richard Panciocco
William E. Partelo
George J. Pijewski
Alfred P. Porro, Jr.
Nelson T. Redfern
Raymond J. Revers
Marium Ann Short
Charles J. Tamulynas
Joseph F. Volpe
Thomas P. Walsh
Michael D. White
Nedland P. Williams
Richard H. Wyman

Program Consultants

Warren King and Associates, Inc.

Supporting Staff

Theresa Kelly,
Assistant to the Chairman
Susan M. O'Neill, Office Manager
Patricia E. Harrison
Karen E. Waple


Digitized by the Internet Archive
in 2013

http://archive.org/details/massachusetts80s00mass

MASSACHUSETTS: THE '80s AND BEYOND

Since 1975, Massachusetts has been struggling with the fiscal dilemma brought about by decades of growing expenditures and ineffective resource management. Despite successful cost reduction efforts starting in 1976, growing service requirements, coupled with an inflationary economy, pushed the commonwealth's annual budget to approximately $5-billion for fiscal 1979. Fortunately, revenues outpaced expenditures so Massachusetts is now in a more favorable financial position than it has enjoyed for many years.

Taxpayers nationwide are concerned with public sector spending. In Massachusetts, this means present services must be provided more economically or selectively reduced. Similarly, all resources devoted to state government must be used as efficiently as possible. To accomplish this objective, the new administration must resolve inherited operational problems.

As one of his first official acts, Governor Edward J. King created The Governor's Management Task Force '79 to address the issue of operational effectiveness. Organized as a nonprofit corporation, this private sector task force financed a 36-week review of selected government operations at no cost to commonwealth taxpayers. Bernard J. O'Keefe, Chairman, EG&G, Inc., served as chairman. Additional guidance was provided by a 21-member Board of Directors. Over 300 private sector organizations contributed financial support and the services of 49 management specialists. Warren King and Associates, a Chicago-based consulting firm, was retained to assist in organizing and directing the review.

As its primary objective, the task force concentrated on suggesting improvements in four basic functions with broad operational impact:

- ☐ Personnel Administration: The recruitment, hiring and management of state employees.
- ☐ Data Processing: The design and use of computer systems to process information needed to make operating and budget decisions.
- ☐ Financial Management: The allocation of funding resources and monitoring of spending activities within state government.

- ☐ Purchasing: The acquisition of goods and services required by state agencies in their respective operations.

Revenue activities and motor vehicle regulation were also included because of their service and financial implications for all commonwealth taxpayers. In addition, the task force used the Department of Elder Affairs as a case study to illustrate the effect of various functions at the agency level.

Study activities were conducted over 12 weeks by three teams. Melvyn P. Galin, Assistant to the Executive Vice President, The MITRE Corporation, headed the group reviewing personnel administration and data processing. The analysis of financial management and purchasing was performed under the leadership of John N. Rees, Senior Vice President, New England Merchants National Bank. This group also developed the case study of the Department of Elder Affairs. Alvaro M. Sousa, Vice President, New England Mutual Life Insurance Company, directed the examination of the Department of Revenue and Registry of Motor Vehicles. All report material was reviewed and approved by an Operating Committee consisting of the chairman, the three team leaders and the consultants with part-time participation of other task force board members.

This report references the problems identified during the study and the solutions suggested by the task force. It contains a summary of findings for four functional areas — personnel administration, data processing, financial management and purchasing — as well as revenue and motor vehicle regulation. Each of the six overviews includes general commentary on the action proposals, then lists recommendation statements developed for the specific area. The final report provides additional data on the recommendations plus case study material on Elder Affairs omitted from this document. The recommendation statements appear in the same sequence in both reports.

During the study, primary emphasis was placed on improving the management climate in state government rather than producing short-term financial benefits. Nevertheless, the task force did attempt to project the financial impact of its recommendations. These estimates indicate full implementation of the 213 proposals could result in annual savings of $9.7-million and an income of $28-million. This would be offset by a cost of $5.5-million for net annual benefits of $32.2-million. One-time implementation costs are estimated at $10.1-million. However, one-time returns of $10-million would be generated for the Commonwealth of Massachusetts. In addition, annual income to local governments should amount to $18.7-million. Of the total recommendations in this report, about 82% can be initiated through executive action while the remainder require legislation, including one constitutional change.

To ensure tangible improvements, Governor King has asked for continued assistance from the task force Board of Directors and team leaders. Therefore, during the implementation period, The Governor's Management Task Force '79 will supplement its review efforts with five new advisory committees as well as the existing Governor's Advisory Committee on Computers and Data Processing. Each advisory committee, composed of both private and public sector members, will deal with one of the major functions covered in this report.

In addition, the task force will coordinate volunteer expertise through an ongoing loaned executive program. The six advisory groups will make reports to the Governor and the Board of Directors at regular monthly meetings. This direct participation by Governor King will ensure that the recommendations are put into effect with full cooperation between the public and private sectors.

November 1979

CONTENTS

1. Personnel Administration

4. Data Processing

7. Financial Management

10. Purchasing

12. Revenue

15. Motor Vehicle Regulation

18. Sponsoring Organizations

PERSONNEL ADMINISTRATION

The personnel system in Massachusetts has virtually collapsed. Agency managers are drowning in red tape while major posts and even clerical positions must be filled through provisional appointments. The quality of government services depends on the performance of the 76,000 people providing them and able people deserve the security of permanent status. Attracting, retaining and rewarding competent personnel is the only way to improve government services and still hold costs to an acceptable level.

The laws, policies and regulations established by the Legislature, Civil Service Commission and Division of Personnel Administration are cumbersome and, in some instances, outdated or contradictory. As a result, most of the commonwealth's agencies — fairly or unfairly — view the Division of Personnel Administration as an obstacle in their attempts to find and keep qualified employees.

All personnel transactions must be processed through the division, leaving agencies only minimal control over hiring, firing and promotions. Less than 15% of the commonwealth's civil service openings are initially filled by permanent employees. Remaining vacancies must be staffed with provisional personnel because the current examination-certification process has broken down.

Despite its inability to meet agency needs, the personnel administration system has also been imposed — in whole or part — on commonwealth cities and towns. Although a program is underway to delegate some personnel functions to qualified municipalities, progress is extremely slow.

Reforming the personnel system will be a massive undertaking. It will require long-term priority attention by both legislators and Executive Branch administrators. The Division of Personnel Administration must become a service organization — not an autocratic processor of forms. Time-consuming prior approvals must be replaced by post-audits. More importantly, the entire context of the commonwealth's personnel activities must change through simplification of existing laws and regulations.

Action Proposals

A comprehensive legislative package must be developed to supersede current personnel laws. New statutes must give the Division of Personnel Administration latitude to make appropriate changes whenever the need becomes apparent. Codes devised for New Jersey and the federal government could be used as models for Massachusetts.

Proper status and authority must be given to personnel administration activities. To accomplish this, a new position — Undersecretary of Human Resources — is proposed for the Executive Office for Administration and Finance. All bureaus, boards and commissions currently involved in personnel management or employee benefit activities would report to this individual as part of a single, restructured personnel organization. A Merit Systems Protection Board would be created to replace the Civil Service Commission. It would provide advice on personnel policies and practices — not rules. The board's primary responsibility would be to investigate alleged violations of merit procedures and hear employee appeals or grievances.

Many recommendations are designed to move personnel administration activities to the agency or municipal level. Priorities would include:

- ☐ Transfer maintenance of eligibility lists for laborers, skilled laborers and mechanics/craftsmen to cities and towns. Similar labor service information for state-level positions would become a responsibility of the Division of Employment Security.
- ☐ Implement the classification study of management positions and finish the non-management project as quickly as possible.
- ☐ Install a comprehensive payroll/personnel information system in the Department of Public Health as a prototype for statewide applications.
- ☐ Improve the system for recruiting and promoting state employees.

To hold down government costs, the commonwealth must focus on another area of personnel management: human resource development. Employees must be given clearly defined duties to perform, then evaluated on their achievements. Such appraisals would replace written exams as the key factor in determining which individuals to promote. Other program aspects would include development of appropriate career ladders; staff planning to ensure adequate, but not excessive personnel resources; and improved supervisory training.

Many of these proposals have been made before. Other groups have tried — and failed — to implement similar reforms. Generally, responses to these efforts were characterized by an inadequate commitment of resources and painfully slow progress, ending in a dead halt. Aggressive action is needed to improve personnel administration in Massachusetts — and improving this system is the key to better government services.

Policy and Organization

Establish a position of Undersecretary of Human Resources • Replace the Civil Service Commission with a Merit Systems Protection Board • Draft model legislation to supersede existing personnel laws • Revise the Legislature's role in personnel administration activities • Complete the statewide non-managerial classification study • Hold executive briefings on the classification study • Implement the previously completed Classification and Compensation Study of Management Positions • Develop audit procedures for agency personnel classifications • Utilize the non-managerial classification study as a basis for future organizational analyses • Eliminate written tests for positions requiring a license or professional certification • Use performance appraisals and experience reviews to replace written tests for

promotions • Require state agencies to inform the Recruitment and Referral Section of all job openings • Notify the Recruitment and Referral Section of authorizations for provisional appointments • Establish a ranking system for certifying employment candidates • Formulate procedures for certifying qualified provisional employees • Revise existing personnel forms.

Human Resources Development

Establish and communicate personnel policies more effectively • Initiate a training program for first-line supervisors • Implement a statewide performance evaluation system • Develop a statewide program for staff planning • Establish a statewide employee suggestion system.

Decentralization

Establish policies for decentralizing personnel activities • Develop comprehensive payroll/personnel records • Delegate personnel recordkeeping functions to agencies • Increase agency responsibilities for recruitment procedures • Eliminate requisition filing for exempt positions.

Delegation

Delegate appropriate personnel activities to municipalities in the most flexible manner possible • Establish a two-year deadline for delegation of municipal personnel functions • Require municipalities with more than 20,000 residents to have full-time personnel directors • Establish procedures for delegation of the labor service function.

DATA PROCESSING

When the price tag is $100-million — and growing every year — you want your money's worth. This is what Massachusetts spends on data processing. Nevertheless, major systems do not meet agency needs. Since 1975, private sector experts have tried to help the commonwealth modernize its data processing operations. For the most part, their advice has been ignored.

In 1976, a program was started to improve the computer operations in the Executive Office for Administration and Finance which are responsible for central service applications. As a result, a request for proposal was released to solicit facilities management bids from qualified vendors. After reviewing the submissions, the commonwealth selected a supplier. This action was approved by the Governor's Advisory Committee on Computers and Data Processing, a group composed of private sector executives and three cabinet secretaries. The contract was subsequently withdrawn because of unfavorable publicity on the vendor selection process. A report issued by the advisory committee in November 1977 recommended reinstatement of the contract's acceptance. Despite further endorsement from the directors of The Governor's Management Task Force, this advice was rejected.

By early 1978, Administration and Finance had launched a three-phase plan of its own for the data center despite strong objections. The first stage of installing hardware is now complete. The second — converting old programs to new computers — is underway. Developing new applications will constitute the third phase.

The conversion of operational applications to the new equipment required a substantial learning effort by the center's staff. Most existing applications are considered deficient from both the user and operating points of view. In general, they are poorly documented, difficult to modify and lacking in essential controls.

The Bureau of Systems Development was established in Administration and Finance in January 1978 to oversee development of effective processing standards and systems. Few of its mandates are being carried out successfully due to the lack of clearly defined policies and

an absence of direct communications between the bureau and Secretariat officials. Another factor has been the inability to recruit and retain qualified personnel.

Action Proposals

To resolve existing problems, task force recommendations address three areas: planning and organization, the data processing center in Administration and Finance and the Public Safety data center. The principal recommendation with respect to planning and organization would establish a new unit to supersede the Bureau of Systems Development. A potentially effective framework exists in the combined expertise of the advisory committee and the bureau as originally envisioned. However, the commonwealth's complex data processing requirements need a more effective line organization.

The new entitity — under an Undersecretary for Commonwealth Management Information Systems (CMIS) — would absorb both the staff and budget of the existing bureau. Additional proposals identify responsibilities and describe a process for initiating comprehensive planning. Suggestions are also made to simplify titles and create a more competitive salary structure.

Operational improvements include the establishment of methods for evaluating data center performance and a user chargeback system to identify costs. Creation of a second new organization in Administration and Finance is proposed to provide independent audits of data processing activities. This would help prevent computer frauds and permit analyses of systems development and operating performance.

Four major recommendations address problems in the Administration and Finance data center. The first calls for a facilities management contract while development of an effective plan to implement this approach is the subject of the second. Stipulations are included to guarantee current personnel a wide range of career opportunities. A third recommendation discusses the need for appropriate controls to protect the commonwealth's interests in dealing with a facilities manager. The fourth proposes a systems study and the design of new applications. This program is expected to take five years to complete at an estimated one-time cost of $5-million.

To ensure timely completion of the Criminal Justice Information System (CJIS), a qualified individual must be selected as the executive director for the Public Safety data processing center. The new system's high degree of equipment and software sophistication mandates development of additional staff expertise. Operational considerations also include upgrading remote terminals in municipalities.

Data processing in the Registry of Motor Vehicles and the Office of Probation in the Judicial Branch deserves attention. The registry needs increased computer capacity while enhanced cost-effectiveness is the objective for Probation. The equipment in the Public Safety data center can meet both these requirements. Separate input hardware would be used by the Office of Probation to maintain Judicial/Executive Branch independence.

Some of these recommendations have been advanced by private sector advisors since 1976. All must be implemented if the commonwealth is to realize the benefits of modern data processing resources at a reasonable cost.

Planning and Organization

Establish an Undersecretary of Commonwealth Management Information Systems • Develop a plan for staffing CMIS • Initiate a formal planning process • Establish a statewide reporting structure for data processing activities • Hold data processing seminars for top management

personnel • Redefine the data processing audit function • Establish a formal program to evaluate data processing systems and performance • Formulate standards and procedures for control of data processing operations and systems development • Enhance evaluations of systems development efforts • Standardize contracts to measure vendor compliance • Utilize post-implementation systems reviews • Use computer-generated information to evaluate performance at data centers • Collect information to forecast computer use and costs by agency • Install a data processing chargeback system • Set competitive salary ranges for data processing positions.

Administration and Finance Data Processing

Establish a limited facilities management arrangement for the Computer Services Center • Formulate appropriate controls with regard to facilities management activities • Develop an effective plan for implementing a facilities management contract • Use the facilities manager to begin a data processing requirements study including development and design of new applications • Reconstitute the Office of Telecommunications as a bureau under the Central Services Division.

Public Safety Data Processing

Appoint a Public Safety Data Processing Executive Director to assume responsibility for CJIS implementation • Select representatives for a CJIS users group • Contract for consulting support during initial months of CJIS operation • Transfer current work to the new computer to free physical site capacity • Use a performance measurement system to identify additional hardware capacity requirements • Upgrade terminal equipment for CJIS • Consider possible transfer of on-line terminal input functions • Relocate data processing resources in the Office of Probation to the CJIS computer site • Microfilm files in the Office of Probation • Transfer computer operations of the Registry of Motor Vehicles to the Public Safety data center.

FINANCIAL MANAGEMENT

Budgeting/accounting systems in Massachusetts are more characteristic of old fashioned bookkeeping than modern financial management. Hidden behind a thin facade of piecemeal computer applications, groups of people labor to produce inadequate fiscal information. Constant erosion of government buying power through inflation has focused attention on the way taxpayers' hard-earned dollars are spent. This makes effective financial management a must for agencies contending with growing service demands and shrinking funding resources. In state government, financial management is accomplished through a budgeting process which allocates funds and an accounting system which records revenues and expenditures. Legal accountability is achieved by centralized reviews of financial transactions. Two agencies in the Executive Office for Administration and Finance are primarily responsible for these activities: the Budget Bureau and the Comptroller's Division. Neither is equipped to meet the commonwealth's total financial management needs.

The budgeting/accounting process is hopelessly outdated in light of government growth. It is incapable of supplying essential information to control costs. Inability to process financial transactions on a timely basis has made the commonwealth a chronic slow payer of bills. The budgetary function should serve as an objective third party to ensure requests are not excessive nor insufficient. It should monitor proposed budgets so they conform with organization goals. This is not the case with the Budget Bureau. Advance planning is inadequate since there is no effective way to align administration policies, program priorities or operational goals with estimated financial resources. The appropriations account structure is inconsistent, making it virtually impossible to present or evaluate budget requests properly. As a result, expenditure trends are emphasized — not program merits or requirements.

Action Proposals

To correct this, the Budget Bureau must assume policy guidance responsibilities to augment its present coordinating duties. In this respect, it would:

- ☐ Issue guidelines on anticipated changes in service levels and funding resources.
- ☐ Evaluate budget requests, then adjust them to conform with the Governor's policy guidelines.
- ☐ Balance expenditure requests with available revenues.
- ☐ Make recommendations for budget actions to the Governor.

This expansion of the bureau's role will require changes in both budget development procedures and reporting techniques. Here, four recommendations for improvements to the system are of utmost importance.

First, expenditures must be compared quarterly with approved budgets. Second, the bureau must develop a process to deal with routine budget changes now handled piecemeal. Third, current budget reviews must be enhanced through greater use of computer-aided analysis. Finally, the incremental approach to budget development must be supplemented by program budgets. This will require revising the appropriations/activity accounts system to provide meaningful data on programs and operational responsibilities.

A truly effective budget system requires the support of modern accounting techniques. Unfortunately, the Comptroller's Division only processes paper. Inordinate amounts of time are spent checking documents, resulting in the neglect of more important duties such as quality control.

The lack of personnel has reduced the division's field support capability so it responds to crises — not anticipating problems or upgrading agency skills. Because adequate information is unavailable on operations, agencies maintain redundant accounting systems. This piecemeal approach at the agency level is costly and inefficient. Continuing growth of commonwealth functions has only contributed to the problems experienced by division personnel who are competent, but frustrated by operational bottlenecks.

A number of steps must be taken immediately to improve the current system. These must be augmented by other, long-term changes. The first priority is to minimize paper processing and basic recordkeeping by delegating the majority of these tasks to the agencies. To achieve the necessary degree of decentralization, the Comptroller's Division would:

- ☐ Set up systems at the agency level to provide strong operating controls and accurate financial information.
- ☐ Establish a routine for gathering data from the agencies each month, then compiling it into meaningful formats.
- ☐ Develop field support capabilities to train agency personnel in new procedures.
- ☐ Prepare financial statements in accordance with recognized accounting and auditing standards.
- ☐ Take corrective action on a timely basis.

Unless the Comptroller can provide keypunching, data entry and payroll preparation services more effectively, these activities should be delegated to individual agencies. Audits of agency records and supporting data would be accomplished through use of valid statistical sampling techniques to test both record details and existing controls.

Overall responsibility for maintaining the commonwealth's general ledger, budget and revenue records would continue to be vested with the Comptroller. However, most of the information gathering can be relegated to the agencies if division personnel are available to supply technical assistance. The anticipated increase in field staff would be offset by reductions in division processing activities.

Budgeting

Redefine the role of the Budget Bureau • Establish formal budget training programs and seminars • Expand the Governor's annual policy memo to address specific budgetary considerations • Enforce budget preparation deadlines • Provide computerized reports to analyze incremental increases in agency budgets • Automate budget request documentation • Improve expenditure forecasts for social services • Reduce the number of appropriation accounts • Define and enforce areas of responsibility within activity account codes • Develop quantitative measures to evaluate agency service achievements • Enhance the budgeting system to report expenses and revenues by program account • Consolidate budget requests • Provide appropriate quarterly summaries to the Governor for review • Use an exception basis to process certain budget allotments • Substitute quarterly reports for current spending plans • Strengthen fund transfer controls • Update the budget process quarterly • Appoint a steering committee to design and implement a new budget system • Utilize program budgeting to supplement the present system • Use alternative package budgets where appropriate • Centralize review and coordination responsibilities for capital budgets • Develop a long-range facilities plan for all agencies • Establish guidelines for capital outlays to eliminate inappropriate expenses • Develop review procedures for capital outlay rejustifications • Improve utilization of revenue and operating expense estimates included in capital outlay requests.

Accounting

Improve current overall accounting operations and begin decentralization • Strengthen follow-up controls on advance returns • Enhance internal agency controls • Shorten invoice payment cycles • Use statistical sampling techniques to test documents • Institute a methods improvement program • Revise staffing as appropriate • Improve communications and training activities • Implement improved auditing procedures • Eliminate approval of warrants by the Governor's Council.

PURCHASING

Effective buying power? No, just endless paperwork. That's what Executive Branch agencies found in spending some $800-million for goods and services during fiscal 1979. Virtually no control was exercised over pricing, product quality, vendor performance or buying procedures. Instead, an endless array of people worked diligently to shuffle and reshuffle papers in the name of "expediting." The growing volume of purchased service agreements has made contract administration another aspect of buying which must command significantly expanded management attention.

The Purchasing Agent's Division in Administration and Finance oversees the commonwealth's buying activities. It is a vast clerical operation without the expertise, authority or respect necessary to assume a more effective role. Division careers often begin at a typewriter and, through attrition, end at senior buyer. Formal training is not provided for either division or agency purchasing personnel. There are no work measurement guidelines to determine staffing levels, productivity or achievements. Statistical summaries are not available on volumes or costs of goods by product, vendor and contract. In its current form, the Purchasing Agent's Division has minimal effect on agency buying. Less than 21% of the commonwealth's needs are covered by purchasing contracts or bid procedures administered by the division. Vendor analyses and product evaluations are not an integral part of the acquisition process so little control is exercised over agency product selections or associated costs. Equally limited purchasing expertise is available in agencies where the buying takes place.It is impossible to determine what is being bought, from whom and in what quantities onany consistent basis. As a result, the commonwealth cannot evaluate vendor or product performance.

During fiscal 1979, more than $220-million in client services was bought from various providers by agencies within the Executive Office of Human Services. Yet this Secretariat has no purchasing professionals on its staff to oversee "07" contract administration activities.

Detailed regulations dealing with purchases of social and rehabilitative services have been published by the Executive Office for Administration and Finance. However, personnel in Human Services feel these requirements inhibit their ability to develop providers in an environment where vendors are either nonexistent or relatively unsophisticated. The regulations also direct all decision making to the Secretariat level, innundating these offices with paperwork. While a temporary compromise has been reached, all parties agree further study is needed.

Action Proposals

Realizing the importance of effective purchasing, a "fresh start" approach — modeled after corporate and federal practices — is recommended for commodity buying and service contracts. Under the proposed concept, buying activities would remain at the agency level. However, they would be monitored by a single organization to ensure consistent policy compliance. The latter would be staffed by a small group of professionals who would also supply technical resources for the commonwealth's entire purchasing community.

Although implementation will require only moderate financial investments, it is not a short-term proposition. Four steps must be taken:

- ☐ Reorganize the Purchasing Agent's Division to enable it to fulfill a centralized monitoring role.
- ☐ Add staff to both the division and key Secretariats to provide necessary expertise.
- ☐ Develop a two-phase purchasing management information system.
- ☐ Revise existing laws and regulations to adequately define purchasing policies, procedures and requirements, particularly in the area of service contracts.

Improvements made only within the context of the current system would yield few benefits other than hastening the flow of some paperwork. A commitment to modern purchasing management must be made if more than marginal improvements are to be achieved.

Commodities

Develop a two-phase management information system for all purchasing activities • Appoint an Undersecretary of Purchasing to reorganize the current system • Appoint a Governor's Purchasing Advisory Committee • Augment existing staff resources • Implement an effective recruitment and career development program • Establish a Purchasing Operating Committee • Revise procurement legislation • Establish a statewide purchasing compliance system.

Service Contracts

Create a new position in the Executive Office of Human Services to manage purchased services contracts • Establish a Contract Services Council • Form various subcommittees under the council's direction • Implement a professional development program in contract and purchased services management • Develop an information and data system for purchased services in all Human Services agencies • Establish a provider audit team • Form a provider development team • Encourage providers to expand activities • Hold regular seminars to communicate information to providers • Establish a standing committee on procurement regulations • Revise the role of the Rate Setting Commission • Restrict use of the "timely payments" system • Institute a formal contract administration career program.

REVENUE

Not enough money. Not enough people. Not enough planning. These are the management problems facing the commonwealth's revenue function. Badly conceived austerity programs have limited revenue-generating capabilities by millions of dollars each year. Day-to-day operational problems are overwhelming, with backlogs of months — even years — in some areas. Severe personnel shortages are evident throughout the department. As a result, many professional employees routinely perform clerical chores in a vain attempt to keep pace with the work.

A crisis exists in recruiting and retaining qualified individuals for key posts in the Department of Revenue. Training, performance evaluations and career development are nonexistent. Managers are too busy fighting today's fires to worry about tomorrow's water supply. The public image of the department is a harsh one, developed because of lengthy delays and the frustrations encountered while trying to resolve tax problems.

Despite the dedication of department employees, staffing deficiencies are magnified substantially by the inordinate time required to perform inefficient manual operations. Many outdated procedures could be eliminated if the department's functional reorganization were completed. For example, installation of 15 computer terminals has been delayed until various bureaus are relocated. The work environment also contributes to poor productivity. Offices are crowded, lacking in adequate light, noisy and poorly organized in terms of workflow. Bureaus are innundated with papers so that boxes of old files sit in the middle of many areas — a detriment to safety and efficiency. Most equipment is old, inadequate or in poor repair.

Action Proposals

Effective use of human resources is a primary goal of the majority of the recommendations. In many instances, revenue is lost because personnel are not available. Enlarging the staff will

help recover funds. For example, additional taxes estimated at more than $20-million could be realized through expanded use of federal exchange information. Cigarette tax collections also offer substantial revenue potential.

More personnel are proposed to reduce backlogs in the service areas of abatements, inheritance tax cases and municipal audit reports. To upgrade the physical environment, space planning and new equipment are essential. At the same time, records management also requires attention.

Training of first-line supervisors, installation of performance evaluation systems and development of realistic staffing plans must be addressed if the department is to meet its responsibilities more effectively. Operationally, installation of a bank depository system can streamline workflows and generate additional interest income. Computer-assisted mass appraisals are endorsed as a means of achieving equitable property tax assessments.

Simplified reporting on certain types of business taxes is also recommended. Finally, a realignment of the Taxpayer Assistance Bureau is suggested to improve the public's perception of the Department of Revenue.

The extent of the problem is fully recognized by department executives who are vigorously pursuing solutions. Many task force recommendations were initiated by staff members already working on improving operations.

Department of Revenue

Prepare an implementation plan and schedule for completion of the current department reorganization • Develop a supervisory training program • Establish a performance evaluation system • Implement a supervisory staffing system • Conduct a feasibility study to determine how on-line data processing can be improved.

Personal Income Taxes

Use available federal information to increase department revenues • Restructure the Taxpayer Assistance Bureau.

Corporate Taxes

Restructure the Corporations Bureau • Revise staffing levels in the Corporations Bureau • Enlarge the staff handling insurance and urban redevelopment taxing • Initiate control reports to identify work levels and staffing needs • Improve screening of returns • Expand the corporate refund process to automatically calculate interest • Use tapes from the State Secretary to update the bureau's computer files • Decrease follow-up time related to non-filing corporations • Improve records management in central files.

Sales and Excise Taxes

Increase licensing charges for special fuels and eliminate reporting requirements • Eliminate abatement backlogs • Establish minimums for fuel tax refunds • Strengthen tax compliance activities • Incorporate payment coupon information into a revised excise tax form • Establish an administrative support unit and upgrade bureau equipment.

Estate Taxes

Revise the bureau's staffing structure • Provide a staff training program • Institute more responsive taxpayer services • Eliminate the bureau's backlog of inheritance tax cases • Streamline abatement processing • Improve records management activities • Analyze space utilization and equipment needs in the bureau.

Data Preparation

Implement a bank depository system for business tax checks • Require only quarterly filing of business tax returns • Create a Payment and Refund Processing Bureau • Improve work areas in Data Services • Establish work measurement standards for processing activities • Expand the data entry system • Develop a staffing plan to accommodate peak work periods • Ensure timely deposit of non-business checks • Institute daily charges for protested checks.

Property Taxes

Improve the commonwealth's ability to maintain accurate, uniform property appraisals.

Local Accounting

Continue the bureau hiring freeze and increase municipal use of private accounting firms • Eliminate the requirement for local governments to complete Reports of Financial Transactions • Reduce the backlog of untyped audit reports • Limit fiscal management personnel to five positions • Designate signature authority to appropriate individuals.

MOTOR VEHICLE REGULATION

It's tough being an ugly duckling: a constant target for public criticism and last in line when funding priorities are set. Just ask employees in the Registry of Motor Vehicles. Although a major revenue producer and a front-line representative of state government, this agency is ill-housed and poorly equipped to meet its many responsibilities. In addition, the more than 3-million licensed drivers in Massachusetts have few good things to say about their contacts with the registry.

Working conditions in Boston and several of the branches are deplorable. The impact on customer service and employee morale is predictable and a major factor in the registry's poor public image. Outmoded computer equipment and severely limited systems capabilities force extensive use of manual processing. Registration procedures — a primary activity — can take longer than 60 days to provide updated information for computer files. Seldom is the cycle less than 30 days.

Since the computer data base is the source for excise tax bills, processing delays result in serious cash flow problems for cities and towns in the commonwealth. In addition, enforcement activities carried out by the registry often overlap those of the State Police, particularly in the area of traffic fatalities. The result is jurisdictional disputes as well as inefficient use of trained personnel.

Action Proposals

To address these problems, the task force concentrated on three areas: service/personnel environment, computer support and procedural efficiency. A major upgrading of the central and branch facilities is needed to improve the service/personnel environment. Saturday hours should be instituted for counter operations and service questionnaires developed to identify customer needs. Transferring enforcement activities to the State Police would enable the registry to concentrate its efforts on public service responsibilities. In addition, completion of

the statewide reclassification study should help resolve salary inequities. However, training programs, performance evaluations and better working conditions are necessary to attract and retain qualified people.

Because of the massive quantities of data processed and used by the registry, sophisticated computer capabilities are a must. Some thought is being given to upgrading the registry's current equipment. This is not the best alternative. A program is already underway to significantly increase capacity at the data center in the Executive Office of Public Safety. This facility could provide a full range of services to the registry efficiently and economically. Including on-line data entry and inquiry capabilities as part of this program would reduce current manual processing considerably.

Changes in registration procedures are recommended to permit more timely updating of records and mailing of excise tax bills. Proof of tax payment should be made a prerequisite for registration renewals. To ensure ongoing procedural improvements, a new unit is proposed to develop necessary programs.

Implementation of these changes should result in a more efficient customer-oriented registry to serve Massachusetts taxpayers.

Registry of Motor Vehicles

Provide on-line data entry capabilities for the registry • Transfer registry computer operations to Public Safety when the new system is operational • Establish a Methods and Procedures Unit in the registry • Improve public service areas at registry branches • Revise registry counter hours • Distribute customer service questionnaires at registry offices • Upgrade registry working conditions • Establish a performance evaluation system for employees • Implement a training program for first-line supervisors • Develop in-house training programs for registry personnel • Design a staffing system for the registry.

Registration and Titles

Merge title functions into the registry • Modify registration/title processing • Microfilm registration documents other than titles immediately after auditing is completed • Assign sequential control numbers automatically to registration documents during microfilming • Contract for key entry and verification of high volume registration forms • Improve error corrections and computer file updates • Increase information retrieval capabilities at the branches • Replace branch teletypes with terminals and non-impact printers • Alter procedures for disposing of vehicle registration plates • Eliminate the Mechanical Files Section • Print title certificates by computer • Improve systems development and programming resources.

Excise Taxes

Improve collection of excise tax revenues • Provide better processing facilities for the Insurance/Excise Tax Section • Use gross sales price as tax base • Reformat tax bills.

Drivers' Licenses

Increase license fees to reflect processing costs • Streamline license issuing procedures • Standardize issuance of identification cards.

Merit Rating

Establish a conviction audit trail for traffic violations • Modify registry license records • Expedite information requests.

Highway Safety

Consolidate all law enforcement activities within the State Police • Devise methods for improving records management • Increase charges related to school bus equipment • Use public service announcements and private sector resources to emphasize highway safety • Use civilian personnel to staff the radio room.

SPONSORING ORGANIZATIONS

Abington Savings Bank
The Acushnet Company
Aetna Life & Casualty
Alpha Industries, Inc.
American Optical Corporation
Amicon Corporation
Andover Savings Bank
Arkwright-Boston Manufacturers Mutual Insurance Company
Arlington Five Cents Savings Bank
Arlington Trust Company
Arthur Andersen & Co.
Arthur D. Little, Inc.
Assabet Institution for Savings
Athol-Clinton Co-operative Bank
Athol Savings Bank
Atlantic Savings Bank
Attleborough Savings Bank
David L. Babson & Co., Inc.
The Badger Company, Inc.
L. G. Balfour Company
The Bank for Savings, Malden
Barclays Bank International Limited
Barry Wright Corporation
Bass River Savings Bank
Baybanks Data Services, Inc.
Bay State Savings Bank — Worcester
Berkshire County Savings Bank
Bird & Son, Inc.
Blue Cross of Massachusetts, Inc.
Blue Shield of Massachusetts, Inc.
Boston College
Boston Edison Company
Boston Gas Co.
Boston Globe
Boston Mutual Life Insurance Company
Boston Safe Deposit and Trust Company
Boston Stock Exchange Inc.
Boston University
Bradford Trust Company of Boston
R. M. Bradley & Co., Inc.
The Braintree Savings Bank
Brewer & Lord
Bridgewater Savings Bank
Brighton Co-operative Bank
Bristol County Savings Bank
Brockton Savings Bank
Brown Brothers Harriman & Co.
Burbank & Company, Inc.
Burgess & Leith
Cabot Corporation
Cambridgeport Savings Bank
Campello Co-operative Bank
Canton Co-operative Bank
Canton Institution for Savings
Cape Ann Savings Bank
Capitol Bank and Trust Company
The Cape Cod Five Cents Savings Bank
The Central Savings Bank
Century Bank & Trust Company
Charles River Breeding Laboratories, Inc.
Charlestown Savings Bank
Chestnut Hill Co-operative Bank
Choate, Hall & Stewart
The Citizens Savings Bank, Fall River
City Bank & Trust Company
City Co-operative Bank
City Savings Bank of Pittsfield
Clinton Savings Bank
Coleman & Sons
Colonial Co-operative Bank
Commercial Union Insurance Companies
Community Savings Bank, Lawrence
Concord Co-operative Bank
Compugraphic Corporation
Computervision Corporation
Consumer Savings Bank
Coolidge Corner Co-operative Bank
Coopers & Lybrand
Courier Corporation
Crimson Travel Service
Damon Corporation
Danvers Savings Bank
Data General Corporation
Dedham Institution for Savings
Deloitte Haskins & Sells
Dennison Manufacturing Company
James J. Derba, Inc.
Digital Equipment Corporation
Dynatech Corporation
EG&G, Inc.
East Boston Savings Bank
East Cambridge Savings Bank
Eastern Gas and Fuel Associates
Eliot Savings Bank
Equitable Co-operative Bank
Ernst & Whinney
Essex Broadway Savings Bank, Lawrence
Everett Savings Bank
Fall River Five Cents Savings Bank

The Fall River Peoples Co-operative Bank
Federal Reserve Bank of Boston
Fidelity Co-operative Bank
Fidelity Management & Research Company
Wm. Filene's Sons Company
1st American Bank for Savings
First East Savings Bank
The First National Bank of Boston
Fitchburg Savings Bank
Florence Savings Bank
The Foxboro Company
Foxborough Savings Bank
Framingham Co-operative Bank
Framingham Savings Bank
The Franklin Savings Institution
GTE Sylvania Incorporated
The Gardner Savings Bank
General Cinema Corporation
General Electric Company
Georgetown Savings Bank, Incorporated
The Gillette Company
Goldman, Sachs & Company
Great Barrington Savings Bank
Greenfield Co-operative Bank
Guaranty Bank & Trust Company
Hartford Insurance Company
Haverhill Co-operative Bank
Herrick & Smith
Heritage Co-operative Bank
The Hibernia Savings Bank
Hingham Institution for Savings
Hockett Associates, Inc.
Home Savings Bank, Boston
Honeywell Information Systems
Houghton Mifflin Company
Hudson Savings Bank
Hyde Park Savings Bank
John Hancock Mutual Life Insurance Company
Hyannis Co-operative Bank
IBM Corporation
Instrumentation Laboratory, Inc.
Institution for Savings, Newburyport
Ionics, Incorporated
Ipswich Co-operative Bank
Jamaica Plain Co-operative Bank
Jordan Marsh Company
Kidder, Peabody & Co., Incorporated
LFE Corporation
Lawrence Savings Bank
Lee Savings Bank
Lenox Savings Bank
Leominster Savings Bank
Lexington Savings Bank
Liberty Mutual Insurance Company
The Lowell Five Cents Savings Bank
Lowell Institution for Savings
Ludlow Corporation
Ludlow Savings Bank
Lynn Five Cents Savings Bank
Malden Co-operative Bank
Marlborough Savings Bank
Massachusetts Co-operative Bank League
Massachusetts Electric Company
Massachusetts Financial Services Company
Massachusetts Mutual Life Insurance Company
Medford Co-operative Bank
Medway Savings Bank
Meeting House Hill Co-operative Bank
Melrose Savings Bank
Merchants Co-operative Bank
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Merrimack Co-operative Bank, Lawrence
Methuen Co-operative Bank
Middleborough Savings Bank
Milford Savings Bank
Millipore Corporation
Milton Bradley Company
Milton Savings Bank
The MITRE Corporation
Mobil Oil Corporation
Monsanto Company
Monson Savings Bank
Mt. Washington Co-operative Bank
Mutual Bank for Savings
Natick Five Cents Savings Bank
New Bedford Five Cents Savings Bank
New Bedford Institution for Savings
New England Electric System
New England Merchants National Bank
New England Mutual Life Insurance Company
New England Power Service Company
New England Telephone
Nonotuck Savings Bank
North Adams Hoosac Savings Bank
North Brookfield Savings Bank
North Easton Savings Bank
Northeast National Bank
Northeast Petroleum Corporation
Northeastern University
Northampton Institution for Savings
North Middlesex Savings Bank
Norton Company
Norwood Co-operative Bank
Ogden Leisure, Inc.
Orange Savings Bank

Package Machinery Company
Paine Webber Jackson & Curtis Inc.
The Palmer Savings Bank
Pentucket Five Cents Savings Bank
People's Savings Bank of Brockton
Peoples Savings Bank of Holyoke
Pioneer Co-operative Bank
Plymouth Five Cents Savings Bank
Plymouth Savings Bank
Polaroid Corporation
Provident Institution for Savings in the Town of Boston
F. L. Putnam & Company, Inc.
Prudential Insurance Company of America
Quincy Savings Bank
Randolph Savings Bank
Raytheon Company
Reading Co-operative Bank
Reading Savings Bank
Reliance Co-operative Bank
Rockland Savings Bank
Ropes & Gray
Roslindale Co-operative Bank of Boston
Salem Five Cents Savings Bank
Salem Savings Bank
Salomon Brothers
Savers Co-operative Bank
The Savings Bank Association
Seaman's Savings Bank
Shawmut Corporation
Smith Barney, Harris Upham & Co. Incorporated
Somerset Savings Bank, Somerville
Somerville Savings Bank
South Adams Savings Bank
South Boston Savings Bank
South Scituate Savings Bank
South Weymouth Savings Bank
Stanley Home Products, Inc.
Star Market Company
The L.S. Starrett Co.
State Mutual Life Assurance Company of America
State Street Bank and Trust Company
Stone & Webster Engineering Corporation
Stoneham Co-operative Bank
Stoneham Savings Bank
The Stop & Shop Companies, Inc.
Stoughton Co-operative Bank
Suffolk Franklin Savings Bank
Swank, Inc.
TAMPAX Incorporated
Technical Operations, Incorporated
Teradyne, Inc.
Thermo Electron Corporation
Third National Bank of Hampden County
Touche Ross & Co.
Tucker, Anthony & R. L. Day, Inc.
Tyco Laboratories, Inc.
Wm. Underwood Co.
Union Savings Bank
Union Warren Savings Bank, Boston
United Co-operative Bank
United Savings Bank
United States Trust Company
Uxbridge Savings Bank
Vanguard Savings Bank
Vappi & Company, Incorporated
Volunteer Co-operative Bank
Wakefield Cooperative Bank
Wakefield Savings Bank
Waltham Savings Bank
Ware Co-operative Bank
Ware Savings Bank
Wareham Co-operative Bank
Warren Five Cents Savings Bank
Waverely Cooperative Bank
The Weir Co-operative Bank
Wellesley Co-operative Bank
Westborough Savings Bank
Western Electric
Western Mass. Electric Company
Westfield Savings Bank
West Newton Savings Bank
Wheelabrator-Frye Inc.
Whitinsville Savings Bank
Whitman Savings Bank
Williamstown Savings Bank
Winchendon Savings Bank
Winchester Savings Bank
Winthrop Savings Bank
Woburn Five Cents Savings Bank
Worcester County Institution for Savings
Worcester North Savings Bank
Workingmens Co-operative Bank
Worcester Telegram and Gazette
Wm. E. Wright Co.
Wyman-Gordon Company
Xerox Corporation
Zayre Corp.